



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
CARROLL COUNTY SHERIFF**

Calendar Year 1998

**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
WWW.STATE.KY.US/AGENCIES/APA**

**144 CAPITOL ANNEX
FRANKFORT, KY 40601
TELE. (502) 564-5841
FAX (502) 564-2912**

CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT	1
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES	3
NOTES TO FINANCIAL STATEMENT	5
COMMENT AND RECOMMENDATION	9
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.....	13



Edward B. Hatchett, Jr. Auditor of Public Accounts

To the People of Kentucky
Honorable Paul E. Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
Mike Haydon, Secretary, Revenue Cabinet
Honorable Gene McMurry, County Judge/Executive
Honorable Charles Maiden, Jr., Carroll County Sheriff
Members of the Carroll County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the Sheriff of Carroll County, Kentucky, for the year ended December 31, 1998. This financial statement is the responsibility of the Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Sheriff is required to prepare the financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles. This cash basis system does not require the maintenance of a general fixed asset group or general long-term debt group of accounts. Accordingly, the accompanying financial statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the Sheriff for the year ended December 31, 1998, in conformity with the basis of accounting described above.

To the People of Kentucky
Honorable Paul E. Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
Mike Haydon, Secretary, Revenue Cabinet
Honorable Gene McMurry, County Judge/Executive
Honorable Charles Maiden, Jr., Carroll County Sheriff
Members of the Carroll County Fiscal Court

Based on the results of our audit, we have presented a schedule of Comment and Recommendation, included herein, which discusses the following area of noncompliance:

- Sheriff Overspent His Approved Budget For Deputies Salaries By \$2,571

In accordance with Government Auditing Standards, we have also issued a report dated August 6, 1999, on our consideration of the Sheriff's compliance with laws and regulations and internal control over financial reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
August 6, 1999

CARROLL COUNTY
CHARLES MAIDEN, JR., SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 1998

Receipts

State Grant- KLEFPF	\$	5,554	
State Fees For Services:			
Finance and Administration Cabinet			28,472
Circuit Court Clerk:			
Sheriff Security Service			16,731
County Clerk - Delinquent Taxes			1,518
Commission On Taxes Collected			144,639
Fees Collected For Services:			
Auto Inspections	\$	5,935	
Serving Papers		12,785	
Transporting Prisoners		6,126	24,846
Other:			
Carrying Concealed Deadly Weapons Permits	\$	2,640	
Reimbursement -			
Carroll County Rescue Squad		2,215	
Worker's Compensation		1,132	
Miscellaneous		4,151	10,138
Interest Earned			3,053
Borrowed Money:			
State Advancement	\$	79,627	
Bank Note		25,000	104,627
Gross Receipts (Carried Forward)			\$ 339,578

CARROLL COUNTY
 CHARLES MAIDEN, JR., SHERIFF
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 Calendar Year 1998
 (Continued)

Gross Receipts (Brought Forward)		\$	339,578
----------------------------------	--	----	---------

Disbursements

Operating Disbursements:

Personnel Services-

Deputies Gross Salaries		\$	117,891
-------------------------	--	----	---------

Materials and Supplies-

Office Materials and Supplies	\$	5,544	
Uniforms and Police Equipment		5,345	10,889

Auto Expense-

Gasoline	\$	9,889	
Maintenance and Repairs		8,075	17,964

Other Charges-

Postage	\$	2,178	
Carrying Concealed Deadly Weapons Permits		1,760	
Transport Prisoners		682	
Miscellaneous/Cell Phone		5,445	10,065

Debt Service:

State Advancement	\$	79,627	
Notes		25,000	
Interest		323	104,950

Total Disbursements			261,759
---------------------	--	--	---------

Net Receipts	\$	77,819
--------------	----	--------

Less: Statutory Maximum		48,726
-------------------------	--	--------

Excess Fees	\$	29,093
-------------	----	--------

Less: Fiscal Court Approved Expenditure of Excess Fees

for Vehicle and Equipment (Note 4)	\$	27,878
------------------------------------	----	--------

Payments to County Treasurer - August 5, 1999		1,215	29,093
---	--	-------	--------

Balance Due at Completion of Audit	\$	0
------------------------------------	----	---

The accompanying notes are an integral part of the financial statement.

CARROLL COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 1998

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a cash basis of accounting pursuant to KRS 68.210 as recommended by the State Local Finance Officer. Revenues and related assets are generally recognized when received rather than when earned. Certain expenses are recognized when paid rather than when a liability is incurred, including capital asset purchases. Certain other expenses are recognized when a revenue and the related asset can be associated with a corresponding liability due another governmental entity.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year. A schedule of excess of liabilities over assets is included in this report as a supplemental schedule. The schedule indicates the cumulative effect of prior year deficits under the respective fee official.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.65 percent.

CARROLL COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 1998
(Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The Sheriff maintains deposits with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to law, the depository institution should pledge sufficient securities as collateral which, together with FDIC insurance, equals or exceeds the amount on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge of securities should be evidenced by an agreement that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. This agreement, signed by both parties, must be sufficient to create an enforceable and perfected security interest in the collateral under Kentucky law. The Sheriff met the requirements stated above, and as of December 31, 1998, deposits were fully insured or collateralized at a 100% level with securities held by the county official's agent in the county official's name.

Note 4. Expenditure of Excess Fees

The fiscal court gave approval to the Sheriff to purchase a vehicle and related equipment from his 1998 excess fees in calendar year 1999. In the future, the Sheriff should turn over all excess fees to the fiscal court. The fiscal court may return excess fees to the Sheriff for special purposes if necessary.

COMMENT AND RECOMMENDATION

CARROLL COUNTY
CHARLES MAIDEN, JR., SHERIFF
COMMENT AND RECOMMENDATION

December 31, 1998

STATE LAWS AND REGULATIONS:

Sheriff Overspent His Approved Budget For Deputies Salaries By \$2,571

The Sheriff overspent his budget for deputies' salaries as approved by the fiscal court by \$2,571. Under KRS 64.530, the fiscal court has the authority to set an amount the Sheriff can spend for deputies salaries and fringe benefits. We have allowed the additional \$2,571 in deputies salaries based on management's response below. We recommend the Sheriff maintain deputies' salaries within the budget as approved by the fiscal court by obtaining written approval from the fiscal court for any additional salary payments.

Management's Response:

This overage is due to the KLEFPF money we received in late December. There was no fiscal court meeting after we received it to do an amendment (In 1998).

THIS PAGE LEFT BLANK INTENTIONALLY

REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Honorable Gene McMurry, County Judge/Executive
Honorable Charles Maiden, Jr., Carroll County Sheriff
Members of the Carroll County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the Carroll County Sheriff as of December 31, 1998, and have issued our report thereon dated August 6, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Carroll County Sheriff's financial statement as of December 31, 1998, is free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Carroll County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Honorable Gene McMurry, County Judge/Executive
Honorable Charles Maiden, Jr., Carroll County Sheriff
Members of the Carroll County Fiscal Court
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended for the information of management. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
August 6, 1999

